

Greensboro Landlords Association

Meeting Minutes
February 12th, 2019

Opening:

The monthly meeting of the Greensboro Landlords Association was called to order at 6:30 on February 12th, 2019 at the Greensboro Regional Realtors Association by President, Dennis Frohlich.

Attendance:

41 Members were recorded by Jennifer Dille with TESS, LLC, 3rd Party Vendor.

General Announcements by Dennis Frohlich:

- Thanked everyone coming out on this rainy tonight.
- We have a new website design! Our old website crashed and burned. So Jennifer spent a solid day building a brand new website for us. The address is the same. Go check it out and if you need help getting your new password set up for the Member's Only section, please see Jennifer.
- Our Schedule is Full with More Great Speakers all the way thru June! Check out all the meetings listed on the Meeting Calendar section of the website.
- **Before we get started, does anyone have any questions or announcements** for the group before we get started? OK, no questions or comments.

I will now turn the meeting over to our panel of Insurance Agents and Brokers:

Rob Cook with Russell & Cook Insurance – Office #: 336-992-8765

John Hamrick, Jr with Brown Davis Insurance – Office #: 336-774-3999

Maria Smith with Needham Group – Office #: 336-288-9342

Meeting Topic: Everything Insurance

I will start off with our first question.

1.) Is it better to go with a lower or higher deduction?

Rob: First of all, thank you for having us here tonight. As far as deductibles, it is really a personal preferences. Neither is better or worse. If you think you are going to have a lot of claims, a lower deductible may be better for you so you are not paying as much out of pocket on the claims. However, your Monthly Premium will be a bit higher. If you are not anticipating claims, going with the higher deductible would probably make more sense as a higher deductible normally equates to a lower Monthly Premium rate.

John: It also makes a difference with how many properties or the value of your properties that you will be insuring. If you are looking at insuring \$3 million worth of properties it may be better to go with the \$5,000 deductible versus insuring properties valued at \$300,000. It also depends on how much you can handle out of pocket. If a \$5,000 deductible is going to send you into a financial pit fall, than that deductible is not worth it for you.

Dennis: Anyone else want to add to the comments?

Maria: No, they covered what I was going to share.

Dennis: Now for our second question which has been brought up at several meetings.

2.) Is Self-Insurance a viable option for a property owner?

Maria: We have this discussion a lot in our office. You can do it but you must know the risks first. The rather easy part about self-insurance is figuring out the value of the property and what you would need to rebuild. The unknown is the Liability factor. The is the kicker. Let's say you own a property and the tenant lets you know that there is a bad stair railing. Before you can get it fixed, they fall and end up paralyzed, that is now your responsibility to care for them since you are self-insured. That could be over million dollars – easily. What we recommend is covering the property yourself and then buying a Liability coverage. This can be a rather expensive route to go, however. The insurers prefer to sell a package deal obviously. That is how they make their money.

Rob: Another option is to go ahead and buy the bundled insurance but go for the highest deductible to keep your monthly payments lower. You will need to remember that you are not going to be filing any small claims against your policy since you want to keep the deductible for a catastrophic claim. With this kind of policy, you will Liability included so you are covered in case of an accident like Maria pointed out.

John: And again, the amount of the deductible is going to depend on how much your property or properties are valued at. You may find that the highest deductible will not work for you and your wallet if something catastrophic were to happen. I also wanted to add that when you have a Liability policy and if someone accuses you of wrongful doing – guilty or not – your insurance company will hire a lawyer for you. And that cost can be almost as devastating as paying for someone's care for the rest of your life.

Dennis: Thanks panel. Now on to our third question.

3.) Is there a limit to how many properties can be insured under 1 policy? If so, what are our options to make sure they are all properly insured without shelling out tons of additional insurance fees?

John: That actually depends on the insurance companies policies. I know of some that have no limit. One of the reasons you may want to consider breaking your properties into and under different policies is to protect your properties from not being covered. There is always the possibility that after you file a

claim on a property that the insurance company can drop you and all your properties. That puts you in a tricky situation. What if something happens at another property before you can get new insurance and you end up with a huge lawsuit that buries you alive in court costs. I always recommend that if you are going to bundle properties together think of how one property could hurt another. If you have a property in a so-so area that you picked up for a song, you may not want to have it bundled with your larger property that you invested in for the long term. Your smaller property may have a chance for more claims that ends up getting your insurance cancelled and then you have an accident at the big property and you are on the hook for everything. If the reason you want your properties on all one contract is for simplified billing, most companies will insure individually per property and then combine the billing together for you. It helps them too to have simplified billing.

Maria: The reason some companies tell you that they will not insure all of your properties may not have to do anything with how many properties you have but what kind of properties you have. For instance, if you have several properties that have wood burning fireplaces, some insurance companies will not cover these anymore. It has everything to do with their guidelines and the amount of risk they are willing to take on you and your properties. Also, make sure to review your policies every year and have a strong relationship with your insurance agent. Policies change all the time and if you see something like, “will not cover damage from wood burning fireplace”, you need to be in contact with your agent to find a different policy. If you have a really good agent and they know you and your properties very well, they should contact you when they learn of a policy change that could affect you adversely. There are 1,000’s of different policies you can buy.

Closing:

Dennis: Thank you everyone for your time and everyone’s questions. I need to adjourn this meeting or we are going to be here until midnight. Our panelist will be here for a while to answer more of your questions directly.

Remember everyone about the Coffee Chat at Amoroso’s Bakery on Tuesday the 19th at 4:15 where we can continue this discussion as well.

Adjournment: “Thank you all for coming and see you next month for the meeting with Steve Doyle the Lawyer to clarify the difference between Service and Emotional Support Animals”!

Meeting was adjourned at 7:30 by President, Dennis Frohlich.

Minutes submitted by: Jennifer Dille with TESS, LLC